

OCT 10 2017

Edwards,Michelle

From: Elliott,Earl
Sent: Monday, October 09, 2017 7:16 PM
To: Auler,Amy; Don Morris; Azar, George; Nasser,Karrum; DeBaun,Curtis; Nation,Todd; Garrison,Neil; Crossen,Martha
Cc: Bennett,Duke A; Edwards,Michelle; Felling,Darrell; eelliott@sackrider.com
Subject: Fw: *Ext!* T H GOLF COURSE ANALYSIS
Attachments: T H GOLF COURSE ANALYSIS

CITY CLERK

All, Since we do not have a resolution concerning the out-sourcing of golf course management or privatization of the golf course or whatever it is called, I just don't think we should go into 2018 with the same financial plan that has caused an average total annual golf course deficit of \$487,000 for the five years ended 12/31/16. I realize some of you may think it is the Mayor's problem or the Park Board's problem to deal with but it is the citizen's money that is being spent each year this goes on. Do you ever wonder which funds must have a positive balance in the City's cash pool to offset the Golf Course deficit cash balances? It just about has to be the Waste Water Utility. Nice! The attached schedules summarize the annual revenue and expense by course for the last five years. If expenses were reduced by 6% and revenue increased by 15 % these deficits could nearly be cut in half. Personally, I could live with a total deficit of about \$250,000 for 2018 considering the size of the regular Parks Department budget of some \$2,500,000 which is partially offset by about \$400,000 of miscellaneous revenue. A net \$2,100,000 of Parks Department expenses verses \$250,000 of golf course deficits seems reasonable compared to a net \$2,100,000 of Parks Department expenses verses \$487,000 of golf course deficits. You may not agree with that. That is fine. Let's at least have the discussion.

The attached spread sheet will show you average annual total golf course revenue is just over \$900,000 compared to average annual total golf course expenses of just under \$1,400,000. \$500,000 of expense cuts does not make sense and a one-time fee increase of \$500,000 or 55.5 % does not make sense. A combination of both is needed. There are other options available but we have little time to pass budgets for 2018.

As I understood last week's discussion, Council has authority only over expenses. We do not set the fee schedule. We can reduce the budget at any time. I guess that means we can force closure of one of the golf courses by reducing the budget at one course to an amount that just won't pay the expenses. I do not recommend that. As stated above, reducing the expenses by 6% and asking the Park Board to increase revenue by 15 to 20 % makes a big difference. Sure the golfers will not like it but many non-golfing citizens will not like the continued \$487,000 annual deficits. If the golfing community is not willing to support the expense structure by paying more and reducing the deficits, then we can come up with agreed upon further adjustments later.

It is pretty important that City Administration, the Park Board, the City Council, and the members of golf course management come to a solid consensus for the long haul. We may not get there right away but we should try.

Golf is an important quality of life issue to employers as demonstrated by the Rea family many years ago when they gave the right to use the land to the city for a Park upon which the City officials decided to build a golf course. Once that the decision was made the Rea family then stepped up with the money for the Rea Park clubhouse The Hulman family made the land available that Hulman Links sets on for a challenging golf course. I believe we should show proper respect to these families and to our present citizens as well. Our citizens are blessed by having several good golf courses to choose from. We need to keep it that way but in a financially responsible manner.

Thanks for putting up with me on another issue. Earl

From: contact@sackrider.com <contact@sackrider.com>
Sent: Monday, October 9, 2017 6:43 PM
To: Elliott,Earl
Subject: *Ext!* T H GOLF COURSE ANALYSIS

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- Helpdesk

City of Terre Haute
Golf Course Operating Results Summary
2018 Recommended Budget Changes

	Hulman Links #288			Rea Park #290			Total		
	Revenue	Expense	Net	Revenue	Expense	Net	Revenue	Expense	Net
2012	\$ 440,648	\$ 852,186	\$ (411,538)	\$ 558,732	\$ 537,767	\$ 20,965	\$ 999,380	\$ 1,389,953	\$ (390,573)
2013	357,532	804,438	(446,906)	525,123	576,949	(51,826)	882,655	1,381,387	(498,732)
2014	413,598	790,449	(376,851)	436,998	571,310	(134,312)	850,596	1,361,759	(511,163)
2015	438,531	793,201	(354,670)	452,895	583,478	(130,583)	891,426	1,376,679	(485,253)
2016	497,381	840,939	(343,558)	413,806	622,698	(208,892)	911,187	1,463,637	(552,450)
	2,147,690	4,081,213	(1,933,523)	2,387,554	2,892,202	(504,648)	4,535,244	6,973,415	(2,438,171)
	÷ 5	÷ 5	÷ 5	÷ 5	÷ 5	÷ 5	÷ 5	÷ 5	÷ 5
5-Year Average	\$ 429,538	\$ 816,243	(386,705)	\$ 477,510	\$ 578,440	(100,930)	\$ 907,049	\$ 1,394,683	(487,634)
	52.6%	100.0%	47.4%	82.6%	100.0%	17.4%	65.0%	100.0%	35.0%
Trend	Slightly up	Slightly up	Slightly up	Down	Down	Down	Flat	Up	Down
1/1 - 7/31/17	\$ 303,609	\$ 455,505	\$ (151,896)	\$ 268,663	\$ 365,638	\$ (96,975)	\$ 572,272	\$ 821,143	\$ (248,871)
1/1 - 7/31/16	\$ 313,824	\$ 508,706	\$ (194,882)	\$ 287,695	\$ 373,573	\$ (85,878)	\$ 601,519	\$ 882,279	\$ (280,760)
2016 Budget	\$ 450,000	\$ 861,230	\$ (411,230)	\$ 450,000	\$ 683,640	\$ (233,640)	\$ 900,000	\$ 1,544,870	\$ (644,870)
2017 Budget	\$ 470,000	\$ 819,382	\$ (349,382)	\$ 453,000	\$ 661,823	\$ (208,823)	\$ 923,000	\$ 1,481,205	\$ (558,205)
2018 Budget - Initial	\$ 500,000	\$ 795,865	\$ (295,865)	\$ 415,000	\$ (633,458)	\$ (218,458)	\$ 915,000	\$ 1,429,323	\$ (514,323)
2018 Budget - Adjusted	\$ 575,000	748,113	\$ (173,113)	\$ 477,250	(595,451)	\$ (118,201)	\$ 1,052,250	1,343,564	\$ (291,314)
	+ 15%	- 6%		+ 15%	- 6%		+ 15%	- 6%	
Expense Cut		\$ 44,752			\$ 38,007			\$ 85,759	
2016 Underspend		\$ 20,291			\$ 60,942			\$ 81,233	

City of Terre Haute
Golf Course Revenue Analysis

		2015	2016	
<u>Revenue:</u>				
Rea Park:	Green fees	\$ 239,139	\$ 252,321	
	Cart fees	163,939	122,328	Why down so much?
	Driving range	49,750	35,954	Why down so much?
	Other	67	3,203	
		<u>452,895</u>	<u>413,806</u>	
Hulman Links:	Green fees	176,971	282,175	Why up so much?
	Cart fees	139,015	92,955	Why up so much?
	Driving range	13,758	11,326	
	19th Hole	54,215	46,214	
	19th Hole alcohol	50,275	59,434	
	Other	3,134	5,277	
		<u>437,368</u>	<u>497,381</u>	
<u>Expense:</u>				
Hulman Links:	19th Hole expenses			
	Salary	28,534	28,534	
	Hourly	8,535	8,406	
	Operating supplies	48,692	55,053	
	Payroll taxes	TBD	TBD	
	Fringe benefits	TBD	TBD	
		<u>\$ 85,761</u>	<u>\$ 91,993</u>	
Total green fees		\$ 416,110	\$ 534,496	Why up so much?
Total cart fees		<u>302,954</u>	<u>215,283</u>	Why down so much?
		<u>\$ 719,064</u>	<u>\$ 749,779</u>	